



Federation of Finnish Financial Services represents banks, insurers, finance houses, securities dealers, fund management companies and financial employers operating in Finland. Its membership includes employee pension, motor liability and workers compensation insurers, all three providers of statutory insurance lines that account for much of Finnish social security. The Federation has about 460 members who employ a total of 43,000 people.

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REF. EBA/DP/2012/1

EBA DISCUSSION PAPER ON DRAFT REGULATORY TECHNICAL STANDARDS ON THE CAPITAL REQUIREMENTS FOR CCPS UNDER THE DRAFT REGULATION ON OTC DERIVATIVES, CCPS AND TRADE REPOSITORIES

The Federation of Finnish Financial Services (hereinafter “FFI”) welcomes the opportunity to comment on the EBA Discussion Paper on Draft Regulatory Technical Standards on capital requirements for CCPs under the draft Regulation on OTC Derivatives, CCPs and Trade Repositories. For the time being, we recognize that the central counterparties (CCPs) are best positioned to answer the detailed questions in the discussion paper. However, we would like to bring for your consideration the following general remarks.

Capital requirements

- The FFI would like to question whether investing of assets a CCP has received as collateral is a part of CCPs primary function as described in the chapter 3 paragraph 15: capital requirements for operational risk. The CCP’s key role is of course taking on part of the risks related to clearing and that is how it should remain, too. Any difficulties a CCP might face in collateral management and investment need to be separated from the key function of clearing.
- Based on this assumption and on the important role CCPs in settlement chain and in preventing systemic risks, any internal model in the calculation of capital requirements should not be allowed (Q12).



Authorities

- The FFI believes that since CCPs are providing services across many Member States a wider approval by both the home authorities and the authorities of a country where a CCP provides services will add value to the solving of the risk-related matters. This would apply for example to the scenario where the EBA would, nevertheless, allow the CCPs to use their internal models when calculating the capital requirements for credit, counterparty credit and market risks (paragraph 31).
- Due to the same reasons both the foreign authorities and the CCP's clients need information about the decisions made by the home authority. The role of this information is extremely vital in the competitive clearing environment that will add the freedom of choice for the market participants. Any decision by the home authority to apply additional measures to a CCP or a requirement to hold additional capital should therefore be made public. Only by these means it can be ensured that all of the CCP's clients face a level playing field and receive the same information. If this kind of information cannot be made public, it should at least be given to all authorities in the countries where a CCP shall provide its services.

Yours faithfully

FEDERATION OF FINNISH FINANCIAL SERVICES

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